REMARKS/ARGUMENTS

Prior to entry of this amendment, claims 1-18 were pending in this application. Claims 1-18 have been amended, no claims have been added, and no claims have been canceled herein. Therefore, claims 1-18 remain pending. The Applicants respectfully request reconsideration of these claims for at least the reasons presented below.

35 U.S.C. § 101 Rejections, Non-statutory matter

The Office Action has rejected claims 1-18 under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter. More specifically, the Office Action argues that the method, recited in claims 1-18, fail to (1) be tied to another statutory class of invention or (2) transform underlying subject matter to a different state or thing. The Applicants submit that amendments have been made herein that are thought to address the reasons for the rejections. For example, independent claims 1, 8, and 15 upon which all pending claims depend, have been amended to recite an exchange server. The Applicants contend that claims 1-18, as amended, conform with the test established by the Court of Appeals for the Federal Circuit in In re Bilski , 545 F.3d 943, 88 USPQ2d 1385 (Fed. Cir. 2008) ("A claimed process is surely patent-eligible under §101 if: (1) it is tied to a particular machine or apparatus or (2) it transforms a particular article into a different state or thing."). In claims 1-18, the processes are tied to the exchange server which is a particular machine or apparatus. Therefore, the Applicants respectfully request withdrawal of the rejection.

35 U.S.C. § 112 Rejection, Indefinite

The Office Action has rejected claims 1-18 under 35 U.S.C. § 112, second paragraph, as allegedly being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. More specifically, the Office Action rejects claim 1 alleging that the use of the term "if" is deemed to be option al language, as there

remains the possibility that the proposed optional claim limitation is not exercised nor triggered. Applicants submit that amendments have been made herein that are thought to overcome the reasons for the rejection. Specifically, the terms upon which the reason for the rejection have been based have been amended herein. Therefore, the Applicants respectfully request reconsideration and withdrawal of the rejections.

35 U.S.C. § 103 Rejection, Do in view of Alaia

The Office Action has rejected claims 1-6 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Pub. No. 2002/0007338 of Do (hereinafter "Do") in view of U.S. Patent No. 6,199,050 to Alaia et al. (hereinafter "Alaia"). The Applicants respectfully submit that the Office Action does not establish a *prima facie* case of obviousness in rejecting these claims, as amended. Therefore, the Applicants request reconsideration and withdrawal of the rejection.

In order to establish a *prima facie* case of obviousness, all claimed limitations must first be taught or suggested by the prior art. *See, e.g.*, *DyStar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1360 (Fed. Cir. 2006). The Office Action must then provide an explicit analysis supporting the rejection. *See KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007) ("a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art"). While the Office Action can use one of several exemplary rationales from the MPEP to support an obviousness rejection under *KSR*, all the rationales still require the Office Action to demonstrate that all the claim elements are shown in the prior art. *See* MPEP §2143. As will be discussed below, the references cited by the Office Action do not teach or suggest each claimed limitation. For example, none of the references, alone or in combination, teach or suggest dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the

duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed.

Do is directed to "a method and apparatus for conducting online bidding sessions." (paragraph 3) Under Do:

> "It is a feature of the present invention that it can be configured to have no fixed ending time for a bidding session. Bidding sessions can be automatically extended to ensure that the bidding continues as long as bidders are interested, thereby ensuring that the bidding session will only end when all except one bidder have stopped bidding. One advantage to this approach is a bidder who may provide a better sale price does not lose the opportunity to bid merely because a prior bidder waited until the last moment of a fixed-length bidding session to submit his bid." (paragraph 20)

To achieve this feature, Do describes "if the bidding session has been configured, as in a preferred embodiment, to be automatically extended whenever someone submits a bid (i.e., a variable ending time), the bidding session timer is reset before updated status information is transmitted to the bidders." (paragraph 62) That is, Do automatically extends the auction by resetting the session timer when a new bid is received. The auction ends when the timer expires, i.e., when no bud us received within the timer period from the last bid.

The Applicants note that in paragraph 63 cited by the Office Action indicates generally that other conditions for extending an auction can be considered. Among these conditions is listed a number of bids received. However, Do does not teach or suggest dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. That is, Do does not teach or suggest changing an underlying minimum number of bids that must be received, and upon which extension of the auction is based, while the auction is occurring and based on the number received. Furthermore, Do does not suggest any of the considerations for extending the auction being a limit on the number of extensions allowed. Thus, Do does not teach or suggest setting a

number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed.

Alaia is directed to conducting electronic auctions. (see Abstract) More specifically, Alaia describes auction "overtime" or extension and further that "the amount of overtime added each time a relevant new bid is received can be adjusted to suit the complexity and size of the market lots involved in the bidding event." (Col. 8, lines 64-66) However, Alaia does not teach or suggest dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Rather, under Alaia:

> "The second aspect of flexible overtime is variable overtime triggers. The trigger for each lot is bid-related, in that it involves an evaluation of some attribute or attributes of a bid against one or more trigger criteria. In the prior system, the attribute of a bid that was evaluated was the price of the bid with respect to the current best (lowest priced) bid. Overtime was triggered if the price of a new bid submitted within the appropriate interval was lower than the current best bid. In the disclosed auction system, overtime triggers can be based on other parameters and criteria. For example, the rank of a bid can be considered, and overtime triggered based in part on whether the rank of the bid is lower than the established criterion. Thus, the criterion can be established that a trigger bid must be a bid that is a new best bid or is the second or third best bid." (Col. 13, lines 61-67)

That is, Alaia describes adjusting overtime triggers based on a rank of a new bid but does not suggest changing an underlying minimum number of bids that must be received, and upon which extension of the auction is based, while the auction is occurring and based on the number received. Furthermore, Alaia does not teach or suggest, alone or in combination with Do setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed.

Claim 1, upon which claims 2-7 and 13 depend, recites in part "setting with the exchange server an end time for concluding an auction, a minimum bid threshold for postponing the end time for concluding the auction, and a number of extensions allowed, the minimum bid threshold representing a total number of a plurality of bids that must be received within a predetermined time of the auction end time; receiving bids from remote bidders at the exchange server via a distributed computing network; dynamically updating the minimum bid threshold with the exchange server as the auction is conducted and based on a number of bids received from the remote bidders; measuring with the exchange server a number of bids received within the predetermined time of the auction end time; in response to the measured number of bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed, extending a duration of the auction automatically with the exchange server and setting a new auction end time with the exchange server." Neither Do nor Alaia teach or suggest, alone or in combination, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed. For at least these reasons, the Applicants respectfully request withdrawal of the rejection.

35 U.S.C. § 103 Rejection, Do and Alaia, in view of eBay

The Office Action has rejected claims 7-14 under 35 U.S.C. § 103(a) as being unpatentable over Do and Alaia, as applied to claim 1 above, and further in view of non-patent literature entitled, *eBay Help : Basics : Frequently Asked Questions on Bidding*, http://web.archive.org/web/20000301004546/pages.ebay.com/help/basics/f-bidding.html, August 27, 2007 (hereinafter "eBay"). The Applicants respectfully submit that the Office Action does not establish a *prima facie* case of obviousness in rejecting these claims, as amended. Therefore, the Applicants request reconsideration and withdrawal of the rejection.

As discussed in detail above, neither Do nor Alaia teach or suggest, alone or in combination, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed. The Applicants respectfully contend that eBay does not correct this deficiency.

eBay is directed to bidding in online auctions generally and more specifically, to features such as automatic or proxy bidding in which "the system will bid for you as the auction proceeds, bidding only enough to outbid other bidders" (page 1 and 2) and bid increments for automatically raising bids that fall between round bid increments (page 2). However, eBay does not teach or suggest, alone or in combination with Do and/or Alaia, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed.

Claim 1, upon which claim 7 depends, recites in part "setting with the exchange server an end time for concluding an auction, a minimum bid threshold for postponing the end time for concluding the auction, and a number of extensions allowed, the minimum bid threshold representing a total number of a plurality of bids that must be received within a predetermined time of the auction end time; receiving bids from remote bidders at the exchange server via a distributed computing network; dynamically updating the minimum bid threshold with the exchange server as the auction is conducted and based on a number of bids received from the remote bidders; measuring with the exchange server a number of bids received within the

predetermined time of the auction end time; in response to the measured number of bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed, extending a duration of the auction automatically with the exchange server and setting a new auction end time with the exchange server." Similarly, claim 8, upon which claims 9-12 and 14 depend, recites in part "setting with the exchange server a start time and an end time for an auction, a minimum bid threshold for postponing the end time for concluding the auction, and a number of extensions allowed, the minimum bid threshold representing a total number of a plurality of bids that must be received within a predetermined time of the auction end time; receiving bids from remote bidders at the exchange server via a distributed computing network; dynamically updating the minimum bid threshold with the exchange server as the auction is conducted and based on a number of bids received from the remote bidders; setting with the exchange server a minimum bid difference at which a succeeding bid must differ from a preceding bid from the remote bidders; measuring with the exchange server a number of bids received within a predetermined time of the auction end time; in response to the measured number of bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed, extending a duration of the auction automatically with the exchange server and setting a new auction end time with the exchange server." None of the references teach or suggest, alone or in combination, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed. For at least these reasons, the Applicants respectfully request withdrawal of the rejection.

35 U.S.C. § 103 Rejection, Do and Alaia, in view of Brett

The Office Action has rejected claims 15-18 under 35 U.S.C. § 103(a) as being unpatentable over Do and Alaia, as applied to claim 1 above, and further in view of U.S. Patent No. 6,704,713 to Brett (hereinafter "Brett"). The Applicants respectfully submit that the Office Action does not establish a *prima facie* case of obviousness in rejecting these claims, as amended. Therefore, the Applicants request reconsideration and withdrawal of the rejection.

As discussed in detail above, neither Do nor Alaia teach or suggest, alone or in combination, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed. The Applicants respectfully contend that Brett does not correct this deficiency.

Brett is directed to "a real-time auction of tickets to sporting and entertainment events." (Col. 1, lines 19-20) Brett describes a system which receives online bids for the seats, ranks the received bids based on section information and bid price, and assigns the seats to winning bidders based on the ranking. (See Col. 4, lines 21-55) However, Brett does not teach or suggest, alone or in combination with Do and/or Alaia, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed.

Claim 15, upon which claims 16-18 depend, recites in part "setting with an exchange server an end time for concluding an auction, a minimum bid threshold for postponing the end time for concluding the auction, and a number of extensions allowed, the minimum bid threshold representing a total number of a plurality of bids that must be received within a predetermined time of the auction end time; receiving bids from remote bidders at the exchange server via a distributed computing network; dynamically updating the minimum bid threshold with the exchange server as the auction is conducted and based on a number of bids received from the remote bidders; measuring with the exchange server a rate at which incoming bids are received; in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed, automatically extending the duration of the auction with the exchange server and setting a new auction end time with the exchange server." None of the references teach or suggest, alone or in combination, dynamically updating a minimum bid threshold as an auction is conducted and based on the number of bids received from the remote bidders. Furthermore, none of the references teach or suggest, alone or in combination, setting a number of extensions allowed and extending the duration of an auction and setting a new auction end time in response to the measured rate of incoming bids exceeding the minimum bid threshold and a number of extensions not exceeding the maximum number of extensions allowed. For at least these reasons, the Applicants respectfully request withdrawal of the rejection.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

/William J. Daley/
William J. Daley
Reg. No. 52,471

TOWNSEND and TOWNSEND and CREW LLP
Two Embarcadero Center, Eighth Floor
San Francisco, California 94111-3834
Tel: 303-571-4000
Fax: 415-576-0300

WJD:jep
62172069 v1